

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Jeffrey P. Peace is an attorney who is licensed to practice law in the State of New York. Respondent works full-time for Sidney Frank Importing Co., Inc., as the President. Mr. Frank is the Chairman and founder of Sidney Frank Importing Co., Inc., a corporation based in the State of New York that imports and distributes specialty liquors.

In January 2002, Mr. Frank violated the Political Reform Act (the “Act”)<sup>1</sup> by making 10 contributions in the names of other people to William B. Kolender, a successful incumbent candidate for San Diego County Sheriff-Coroner, in the March 5, 2002 local primary election. Respondent Peace aided and abetted Mr. Frank in making those contributions in names of other people and thereby also violated the Act, as set forth in this stipulation.

For the purposes of this stipulation, Respondent’s violations of the Act are stated as follows:

- COUNT 1: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Greg Breier, in violation of section 84301.
- COUNT 2: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Aaron Crecy, in violation of section 84301.
- COUNT 3: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of James Darr, in violation of section 84301.
- COUNT 4: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Donny Duenas, in violation of section 84301.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, title 2, section 18109 through 18996. All regulatory references are to title 2 of the California Code of Regulations.

- COUNT 5: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Noah Lathrop, in violation of section 84301.
- COUNT 6: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of James McCoy, in violation of section 84301.
- COUNT 7: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Amy McCoy, in violation of section 84301.
- COUNT 8: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Larry Smith, in violation of section 84301.
- COUNT 9: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Heidi Voorhees, in violation of section 84301.
- COUNT 10: On or about January 31, 2002, Respondent Jeffrey P. Peace aided and abetted the making of a \$500 contribution on behalf of Sidney E. Frank to William B. Kolender, a candidate for San Diego County Sheriff-Coroner, in the name of Terri Wade, in violation of section 84301.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. In furtherance of that purpose, section 84301 provides that no contribution shall be made, directly or indirectly, by any person in a name other than the name by which that person is identified for legal purposes. The act of making a contribution in the name of another person is commonly known as “campaign money laundering.”

Section 83116.5 states, in part, that any person who is compensated for services involving the planning, organizing, or directing of any activity regulated by the Act, and who aids and abets any other person in the violation of any provision of the act is also liable for the violation.

## SUMMARY OF THE FACTS

Respondent Sidney E. Frank is the Chairman and founder of Sidney Frank Importing Co., Inc., a corporation based in the State of New York that imports and distributes specialty liquors. Respondent owns a personal residence in Rancho Santa Fe, California, where he employs personal staff.

William B. Kolender was an incumbent candidate for the Office of San Diego County Sheriff-Coroner in the March 5, 2002 primary election, having served as Sheriff since January 1995. Sheriff Kolender ultimately won the primary election with 75 percent of the vote. The local contribution limit applicable to the election was \$500 per person per election.

Sheriff Kolender and Mr. Frank are mutual acquaintances. Sometime prior to the March 5, 2002 primary election, Mr. Frank attended a private dinner party at the home of Sheriff Kolender. At the dinner party, Respondent expressed that he wished to make a contribution to Sheriff Kolender's re-election campaign.

Thereafter, in early January 2002, Mr. Frank enlisted the services of Respondent Peace, and assigned him to direct and organize his fundraising efforts in support of Sheriff Kolender. As instructed, Respondent Peace encouraged other personal employees of Mr. Frank to contribute \$500 to Sheriff Kolender. Many of the contributions that were solicited by Respondent Peace were made with the understanding that the employee would be reimbursed for the contribution. On one occasion, Respondent Peace held a meeting of personal staff at which he asked those employees who were present to write personal checks of \$500 to the Kolender campaign. Each employee at the meeting then gave a personal check of \$500 to Respondent Peace, who subsequently handed many of these employees \$500 in cash. The following week, Respondent Peace attended a motorcross event with other personal employees of Mr. Frank. At the event, Respondent Peace asked the employees, and friends of those employees, to write personal checks of \$500 to the Kolender campaign. Each person who contributed at the event gave a personal check of \$500 to Respondent Peace, who subsequently handed many of these individuals \$500 in cash. On or about January 31, 2002, Respondent Peace directed transmittal the \$500 personal checks that he received to Sheriff Kolender's campaign office. Respondent Peace did not himself contribute to the campaign.

The following table sets forth each of the incidents in which a person made a \$500 contribution to the Kolender campaign that was reimbursed by Mr. Frank, and the count to which each of these incidents corresponds:

Count	Name of Person Reimbursed by Respondent	Relationship to Respondent	Amount of Contribution
1	Greg Breier	Friend of employee.	\$500
2	Aaron Crecy	Employee	\$500
3	James Darr	Friend of employee.	\$500
4	Donny Duenas	Employee	\$500

5	Noah Lathrop	Friend of employee.	\$500
6	Amy McCoy	Friend of employee.	\$500
7	James McCoy	Friend of employee.	\$500
8	Larry Smith	Employee	\$500
9	Heidi Voorhees	Employee	\$500
10	Terri Wade	Employee	\$500
<b>Total</b>			\$5,000

By aiding and abetting the making of 10 contributions in the names of other people, Respondent committed 10 violations of section 84301.

### **CONCLUSION**

This matter consists of 10 violations of the Act, which carry a maximum administrative penalty of \$5,000 per violation, for a total of \$50,000.

In this matter, the contribution violations are somewhat aggravated by the fact that the contributions circumvented the local contribution limit. In mitigation, however, the total amount contributed was relatively low, and Respondent Peace has already been prosecuted by the San Diego County District Attorney's Office for a misdemeanor violation of exceeding the local contribution limit in connection with this matter, which resulted in Respondent paying a total fine of \$1,000. In further mitigation, Respondent Peace has no prior history of violating the Political Reform Act. Moreover, Respondent Peace does not practice law in California, and did not conduct any legal analysis of the apposite election laws prior to facilitating the contributions. As such, imposition of a penalty in the amount of \$4,000 per violation, which approaches, but does not equal, the maximum penalty, is appropriate.

Accordingly, the facts of this case justify a total administrative penalty of \$40,000.